

in the country are not hearing it," Panetta told him point-blank. He left uncertain whether the President had heard either.

The bullishness was rather more reciprocal when Carter met late in the week with 400 more of his own delegates—the third wave he had invited down to the White House for a day's briefing, bracing and stroking at the eve of the convention. The signal of their distance from the hothouse intrigue of Washington was their greeting to the Carters in the East Room—a raucous din of whoops, hollers, whistles and chants of "Four more years!" and "We want Jimmy!" The President talked a bit about the rules fight, allowing that there might be some division in the room. "No-o-o-o-o!" came an answering roar from the delegates. Carter told them he had no intention of budging in any event—that to do so would make "a travesty" of convention reforms. "It's almost incomprehensible to me," he said with some asperity, "how a brokered, horse-trading, smoke-filled-room convention could be labeled 'open'."

**Negative Mo:** Carter's transcendent calm was not completely shared by his own people—not outside the little circle of Georgians immediately around him. No one doubted that he would win renomination or that he would come out of the Great Billy Inquiry absolved of any sin larger than a failure to have been his brother's keeper. But second- and third-tier staffers were seized by the growing disquiet about Carter's collapse in the polls and his prospects for November. "A lot of people at the White House and the campaign are just going through the motions," a mid-level aide said. "They think this thing is irretrievable." Some, indeed, were thinking ahead to their next jobs and contemplating graceful exits. "We've acquired a negative momentum," one fretted, "and I don't think anyone knows how to turn it around."

Older Democratic hands, in and out of the White House, thought there was still a way—making Ronald Reagan the issue instead of Jimmy Carter. The President himself rehearsed the politics of attack before his convention delegates during the week, reminding them that "our nation was almost brought to the knees" by a Republican scandal called Watergate. But his opening salvos against the other side were swallowed up in the clangor of rebellion in his own party and in the rush of the press and the Congress to get the goods on Billy—a serial nightmare likely to haunt the President deep into autumn. Even his convention promises now to add to his burdens rather than lighten them. The gathering of the Democratic clans in New York ought, by historic precedent, to have been a celebration of his life, his works and his renomination. Instead, it has become a further trial that he and his sundered party will be happy merely to survive.

PETER GOLDMAN with ELEANOR CLIFT, THOMAS M. DeFRANK, HENRY W. HUBBARD, GLORIA BORGER, JOHN WALCOTT and FRED COLEMAN in Washington and bureau reports

## The Trouble With Billy

The Billy Carter affair continued last week to produce great billows of smoke and very little fire. After days of letting aides speak for him, the President suddenly went on national television to proclaim that he was eager to answer all questions about his role in his brother's controversial relationship with the Libyan Government. The very next day a Republican congressman disclosed that an FBI report quoted Billy Carter as claiming that the President had given him official State Department cables dealing with his 1978 visit to Libya. The White House first responded shakily that Carter didn't "recall" doing any such thing, and Billy denied it outright. But then he reversed himself and admitted getting at least one State Department cable from

security categories—and, as State Department insiders quickly confirmed, they were typical of the sort of cables that are routinely turned over to businessmen and journalists. As White House press secretary Jody Powell argued, even if Carter had given them to his brother, "it wouldn't have amounted to a hill of beans."

But it took the White House two full days to set the record straight, adding impetus to the dump-Carter movement on Capitol Hill and extending the Administration's record of awkwardness in dealing with the controversy. The White House strategy was to try to separate the President from his brother's woes and get the whole story out into the open as soon as possible. But that was proving difficult. For one

thing, Billy's troubles seemed to be getting worse. His chief inquisitor, attorney Joel Lisker of the Justice Department's Foreign Agents Registration Unit, said last week that Billy had repeatedly lied to government agents about the \$220,000 he received from his Libyan friends—and Billy, never noted for his precision with words, didn't help matters by changing his account almost daily. For another, the President himself faced a highly unusual cross-examination by a hastily organized Senate investigating subcommittee chaired by Sen. Birch Bayh of Indiana.

**'No Effect':** The President went off to Camp David at the weekend to write a detailed report on his role in the Billy affair that he would send to the Bayh subcommittee early this week. He said he would then answer questions in a prime-time news conference. The Bayh subcommittee responded by voting to try to finish all testimony by the end of August—before the fall Presidential campaign begins.

According to a NEWSWEEK Poll (page 22), Americans were divided on the question of how well the President had handled himself in the controversy, but most of those surveyed said Billy's conduct had no effect on their opinion of President Carter.

The furor over the State Department cables began early last week after the Justice Department sent a copy of its complete file on Billy's case to the House Judiciary Committee. After perusing the four-volume compendium, Republican Congressman Harold Sawyer announced to reporters that it contained an FBI report indicating Billy had boasted to Lisker that the President had given him some cables. Lisker himself later confirmed the account. As he told



Bernie Boston—Washington Star

*Reading Billy's palm: A deepening scandal in his future?*

the White House. After twelve uneasy hours, the Administration confirmed Billy's statement. Groaned one White House operative: "Every time you turn around, another shoe drops."

Once again, the White House was on the defensive, scrambling frantically to rebut the charges of favoritism and bad judgment that have dogged it ever since Billy Carter's Libyan connection first swirled into the headlines. As it turned out, the controversial cables proved to be nothing more than an innocuous series of previously declassified messages about the progress of Billy's trip. All were marked with the relatively minor classifications "limited official use" or "confidential"—the lowest

## NATIONAL AFFAIRS

it, Billy made the claim at a Jan. 16 meeting requested by Lisker to determine whether the President's brother should be required to register as a foreign agent. Lisker said he had laid a stack of unclassified State Department cables on a coffee table—which prompted Billy to remark: "I see you have the CIA stuff."

"CIA?" Lisker replied. "No, that's State."

"It's all the same," Lisker recalled Billy saying. "I've seen that stuff... Jimmy gave 'em to me. I've got it out at my house."

At home in Americus, Ga., last week, Billy first insisted that Lisker had it all wrong. "I have State Department copies of nothing," he said. "Jimmy has not shown me anything." At the White House, however, the denials were not quite so categorical. With Powell home in bed—a victim of exhaustion and a few too many late-night beers—it fell to White House counsel Lloyd Cutler and deputy press secretary Ray Jenkins to fashion a response. Their statement had a ring of legalistic evasion, noting that while the President remembered discussing some cables with Billy, "he does not now recall" showing him any texts or giving him any copies.

**Bland:** That Watergate-style response prompted a blizzard of overwrought headlines the next day that propelled Powell out of his bed and back into the office. Greeting the press with a cat-that-swallowed-the-canary grin, he distributed copies of seven cables concerning Billy's visit to Libya in September 1978—most of which, he pointed out, had been declassified fourteen months ago when syndicated columnist Jack Anderson requested to see them under the Freedom of Information Act. The cables made bland reading, consisting mainly of reports to the State Department from the U.S. Embassy in Tripoli on Billy's activities there. "Billy Carter has told us that he will refrain from making any political comments, and this has been borne out thus far," one noted. "For example, in reply to a long welcoming speech at the airport... Billy shook hands and most amiably said 'Thank you'." The only cable of the bunch categorized as "confidential" was a "trip report" by Chargé d'Affaires William Eagleton that assessed Billy's visit as "a very positive event which has opened some doors for this embassy and raised the morale of the American community."

Still, Powell waffled over whether the President had shown Billy any of the cables. Given the White House's apprehension about Billy's trip to Libya, he said, the news that Billy behaved well was a "subject of some relief to the President"—and he may well have mentioned the kudos to his



Bruce Hoertel

*Lisker: Billy lied at least three times*

brother "to encourage [his] good behavior."

The day after Powell released the cables, Billy admitted that "somebody in the White House" had in fact sent him a copy of the cable praising the impact of his visit. Twelve hours later, Powell confirmed it. A search of the records, he said, had disclosed that ten days after Billy completed his first trip to Libya, aides had shown the President a copy of Eagleton's favorable trip report. Carter scrawled a brief note congratulating his brother for the "good job" he had done "under the 'dry' circumstances" in teetotaling Libya and ordered it mailed to Billy. White House staffers quickly pointed out that such low-level cables are routinely distributed to VIP tourists who earn favorable mentions. "They're just like confetti," said one.

But if the cable affair didn't amount to anything of substance, Billy got himself into even deeper water over what he described as his \$220,000 "loan" from the Libyans. Lisker accused Billy last week of having lied to him about the money on at least three occasions—and, he added, "I would venture to say there are probably others." As Lisker told it, Billy lied for the first time at his Jan. 16 meeting with Lisker

and an FBI agent. When Lisker asked him if he had received anything of value from the Libyans, Billy admitted getting only four gold bracelets, a saddle, a sword, a serving platter and, on one of his trips to Libya, 200 dinars (roughly \$690) in spending cash—which he said he asked his aide de camp, Henry R. (Randy) Coleman, to donate to the American school in Tripoli. Six months later, at a June 11 meeting with Lisker and deputy assistant attorney general Mark Richard, Billy reportedly stuck by his January report. By then, however, the Justice Department knew otherwise—and Lisker decided to call Billy's bluff.

**Deposit Slip:** "Billy," he told him, "we have many sources of information, and our sources lead us to conclude that's not an accurate statement." "Well," Billy is said to have replied, "there was a loan of \$200,000 and a reimbursement for expenses, for \$20,000." According to Lisker, Billy explained that he got the money in March, and that the \$20,000 represented partial compensation for the \$40,000 he said he had spent entertaining a Libyan delegation that visited Georgia in January 1979.

That assertion, Lisker claimed last week, was almost entirely untrue. For one thing, he said, the Justice Department turned up a deposit slip from a Columbus, Ga., bank showing that Billy put the \$20,000 payment from the Libyans into his account on Dec. 31, 1979. For another, Lisker said that Billy had told him in January that the cost of entertaining the Libyan delegation was less than \$7,500. And when Billy finally registered with the Justice Department as a foreign agent, he listed both payments as "loans"—even though he could offer no supporting documentation.

Billy minced no words in responding to the accusations. "Lisker's full of shit," he told reporters who joined him for breakfast the next day at the Best Western Motel in Americus. Lisker, a former FBI agent and a nine-year veteran of the Justice Department's criminal division, was unfazed by Billy's angry refutation. "The record," he said simply, "speaks for itself."

While Billy blustered and White House

*Personal touch: Partial text of a State Department cable and Jimmy's note to Billy*

FM AMEMBASSY TRIPOLI  
TO SECSTATE WASHDC 0000

SUBJECT: BILLY CARTER'S VISIT TO TRIPOLI

CONFIDENTIAL

PAGE 03

TRIPOL 01387

012034Z

5. AS FAR AS WE CAN SEE, THERE HAS BEEN NO NEGATIVE  
FALLOUT FROM BILLY CARTER'S VISIT TO TRIPOLI. IN FACT,  
ON THE LOCAL SCENE WE WOULD RATE IT A VERY POSITIVE  
EVENT WHICH HAS OPENED SOME DOORS FOR THIS EMBASSY  
AND RAISED THE MORALE OF THE AMERICAN COMMUNITY.  
FURTHERMORE, IT HAS BROUGHT THE EMBASSY, THE AMERICAN  
COMMUNITY, AND AN IMPORTANT ELEMENT OF THE LIBYAN  
GOVERNMENT (THE LIAISON BUREAU) TOGETHER IN A WAY  
WHICH COULD PROVE USEFUL IN THE FUTURE.  
EAGLETON  
CONFIDENTIAL

To Billy  
You did a  
good job  
under the  
'dry' circum-  
stances  
Jimmy

## NATIONAL AFFAIRS

aides frantically searched their files for any other potentially embarrassing revelations—they had no access to the Justice Department dossier on its investigation of Billy—Birch Bayh's nine-member investigating subcommittee was getting itself organized. The subcommittee hoped to settle on a chief counsel this week. Among the leading contenders: Whitney North Seymour Jr., former U.S. attorney for the Southern District of New York, and Harold R. Tyler Jr., a former deputy attorney general in the Ford Administration.

**'Sooner the Better':** As Bayh saw it, "the real question" was whether the President's brother had been able to "influence the government." The President himself quickly indicated that he would be more than happy to respond, telling the nation in his televised statement that he was "eager . . . to lay all those concerns to rest . . . the sooner the better." The President's eagerness stemmed at least partly from a desire to lay out his case before the start of next week's Democratic convention—and some subcommittee members worried that he might want to meet with them before they were ready for him. "If he does come [this week]," cautioned co-chairman Strom Thurmond, "it should be with the understanding that . . . after the convention he would be subject to being called again."

Whether Carter will go to the Hill to testify or invite the panel to the White House remains to be worked out. When he does appear, he will face a wide range of tough questions. Carter's handlers have insisted all along that the President isn't his brother's keeper. But the fact remains that it was the President, his wife and some of his closest aides who involved Billy in a questionable diplomatic effort to free the hostages in Iran and who at least peripherally offered him aid and comfort when the Justice Department began closing in. The Bayh subcommittee will review the circumstances under which the Attorney General discussed the case with the President, and it will look into allegations that someone in the White House may have tipped off Billy to the fact that the Justice Department had found out about the money he was getting from the Libyans. Meanwhile, the Justice Department itself is pursuing a similar inquiry and the FBI has opened a criminal investigation to determine whether the President or anyone else gave Billy other classified material. So far there has been no evidence of obstruction of justice or any other major impropriety by the White House—and the White House insists that even the toughest investigation won't turn up any.

ALLAN J. MAYER with ELAINE SHANNON,  
ELEANOR CLIFT, THOMAS M. DeFRANK and  
KIM WILLENSON in Washington and  
VERNE E. SMITH in Americus, Ga.

## Jim Wright's Politics of Oil

Heir to a Texas tradition of Congressional mastery that stretches back to Sam Rayburn and Lyndon Johnson, House Majority Leader James Wright, 57, is a bushy-browed, affable institutional loyalist whose grip on Ft. Worth's Twelfth Congressional District has endured for 26 years. Four years ago he won the House's No. 2 job, and he has since consolidated his claim to someday succeed Speaker Thomas P. (Tip) O'Neill, now 67. But this year, Wright faces a well-financed Republican opponent who charges that he has forsaken his Texas roots for a place in the national limelight, and last week Wright found himself embroiled in an awkward controversy that smacked of conflict of interest.

The crux of it all was the disclosure that Wright had gone to bat for a wealthy Ft. Worth oilman, W. A. (Monty) Moncrief, after Moncrief's grandson invited Wright into a promising natural-gas venture in east Texas. "When this deal came along, my grandson wanted to let some of his friends in on it," the 84-year-old Moncrief told The Dallas Times Herald. "Jim Wright just happened to be here at the same time, and he took an interest in it." Wright said he kicked in about \$35,000 to develop a gas well southeast of Dallas; the newspa-

## Ronald Reagan's Taxes

After refusing for years to make his personal finances public, Ronald Reagan released his 1979 tax return last week. Filed jointly with wife Nancy, the 23-page form shows the Republican Presidential nominee to be both a millionaire and a bit of a penny pincher. Listing his occupation as "private business" and Nancy's as "none," Reagan reported adjusted gross income of \$515,878 last year. He paid more than half that—\$262,936—in Federal, state and local taxes. The Reagans claimed four personal exemptions—two for themselves, one for son Ron who lived at home last year, and an extra one for the candidate because he is over 65.

The bulk of Reagan's earnings came from speaking engagements (\$380,500), from radio broadcasts (\$58,453) and from his syndicated newspaper column and other writing (\$26,757). Expenses of \$166,733—mostly to the Los Angeles public relations firm of Deaver and Hannaford—reduced that business income to \$298,977. In divesting himself of nearly \$1 million in stock before the Presidential race, Reagan turned a \$234,455 profit, but only \$93,809 of that was taxable under capital gains laws. Reagan also earned \$90,394 in interest, \$23,954 in dividends from bank trusts and \$17,600 from his California governor's pension and other annu-

ities. The couple own their Pacific Palisades home in full, the records reveal, and they paid only \$5,282 in property taxes on it and their 688-acre ranch, which was assessed as a farm. Sale of the fourteen steers they raised there last year brought in \$3,024—but that was more than offset by expenses including \$2,363 in repairs to a Jeep, \$598 for feed and \$367 for horse-shoeing fees.

**'Philosophically Opposed':** Reagan's return shows him to be careful with his money. He reported receiving \$481 interest on a loan to his 39-year-old daughter, Maureen. He contributed only \$4,108 to charities—less than 1 per cent of his income—and took only a \$12 credit for donations to candidates for public office (he could have taken a tax credit of up to \$100 if he had given more). The Reagans both checked "no" on the option to devote \$1 each of their taxes to help finance Presidential campaigns. ("He's philosophically opposed to that," explained Lyn Nofziger, a top official of the Reagan campaign, which has just received \$29.4 million in Federal funds for the fall race.) Apparently a scrupulous record-keeper, Reagan listed \$2,148 in state sales taxes, rather than using the income-based estimate provided with the tax form. He also claimed \$15 in depreciation on a fan at his ranch in California and \$12 in finance charges on his credit cards.

At home: Scrupulous records for tax pruning

